

Transitioning to a Deductible Healthcare Plan

Case study – City of Lebanon

Agenda

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Healthcare Costs Drivers

2

Tools to Reduce Claims

3

Transition

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Defining HDHP, HSA, FSA, HRA

5

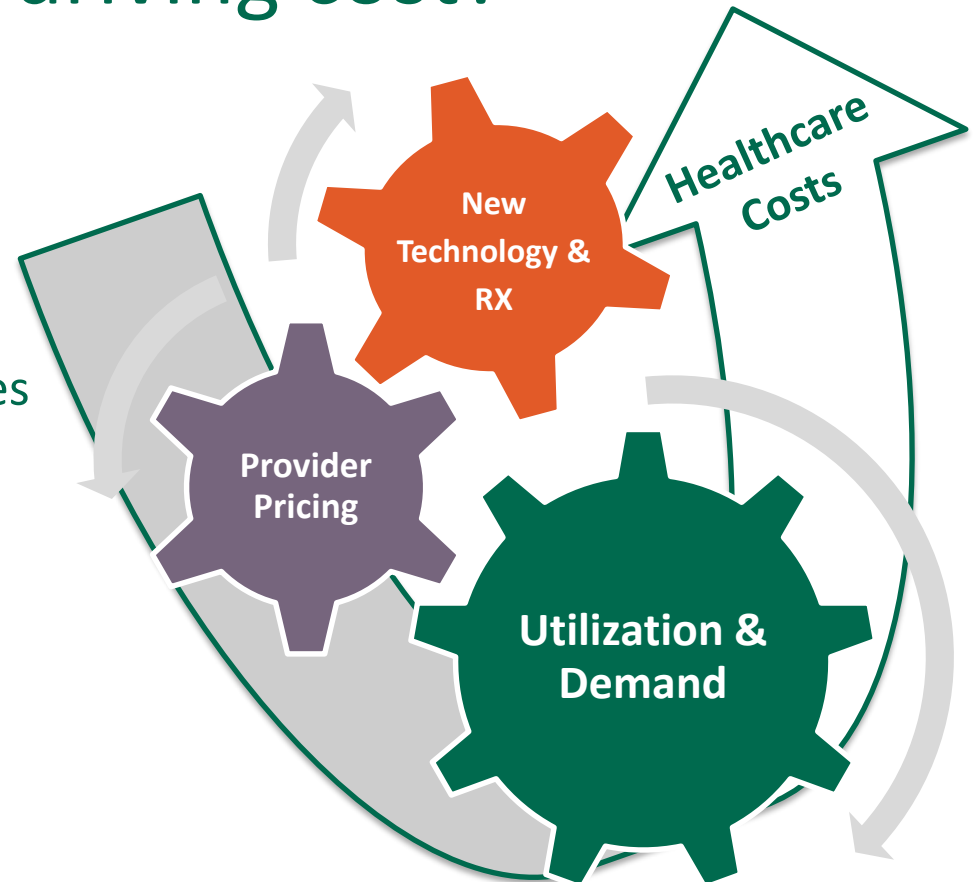
Employee Buy In

6

City of Lebanon – Case Study

What is driving cost?

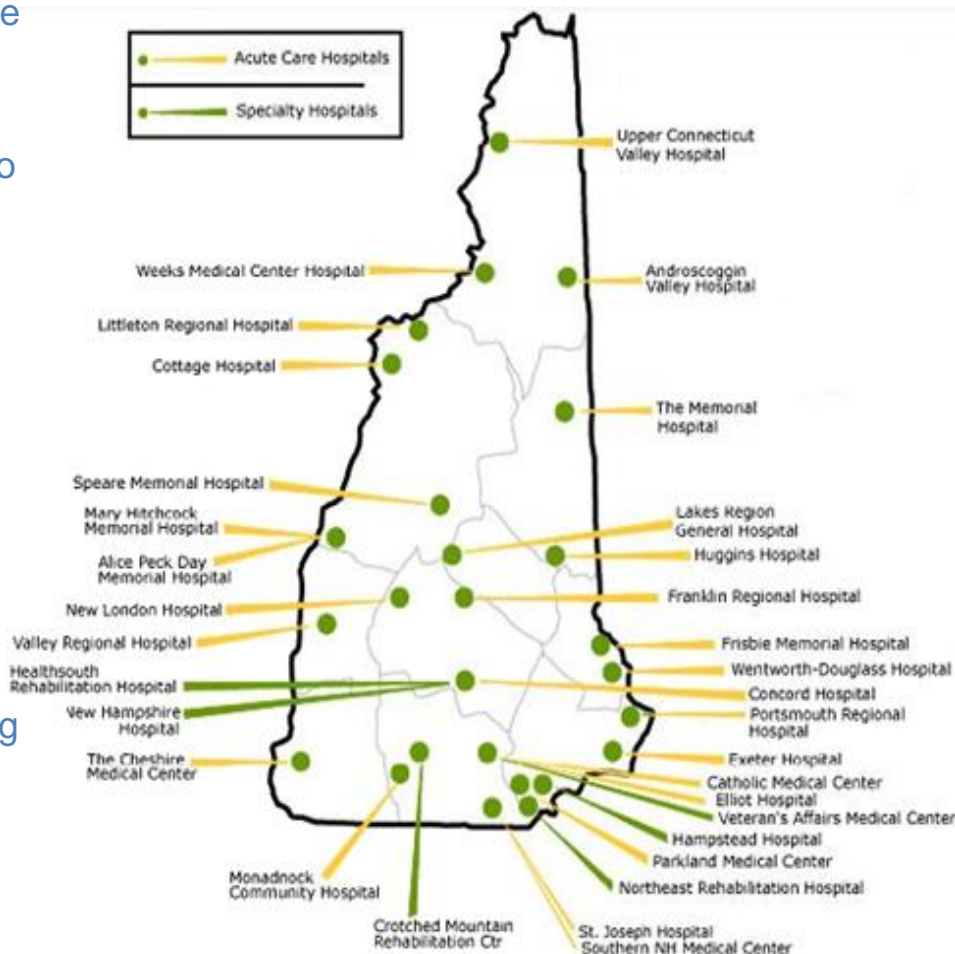
- Provider pricing and increased utilization of services
- More expensive new technologies and specialty prescription drugs
- Utilizing Higher Priced Providers
- Avoidable ER Visits
- Age of Enrollees & Condition Management



NH Healthcare Delivery System is...

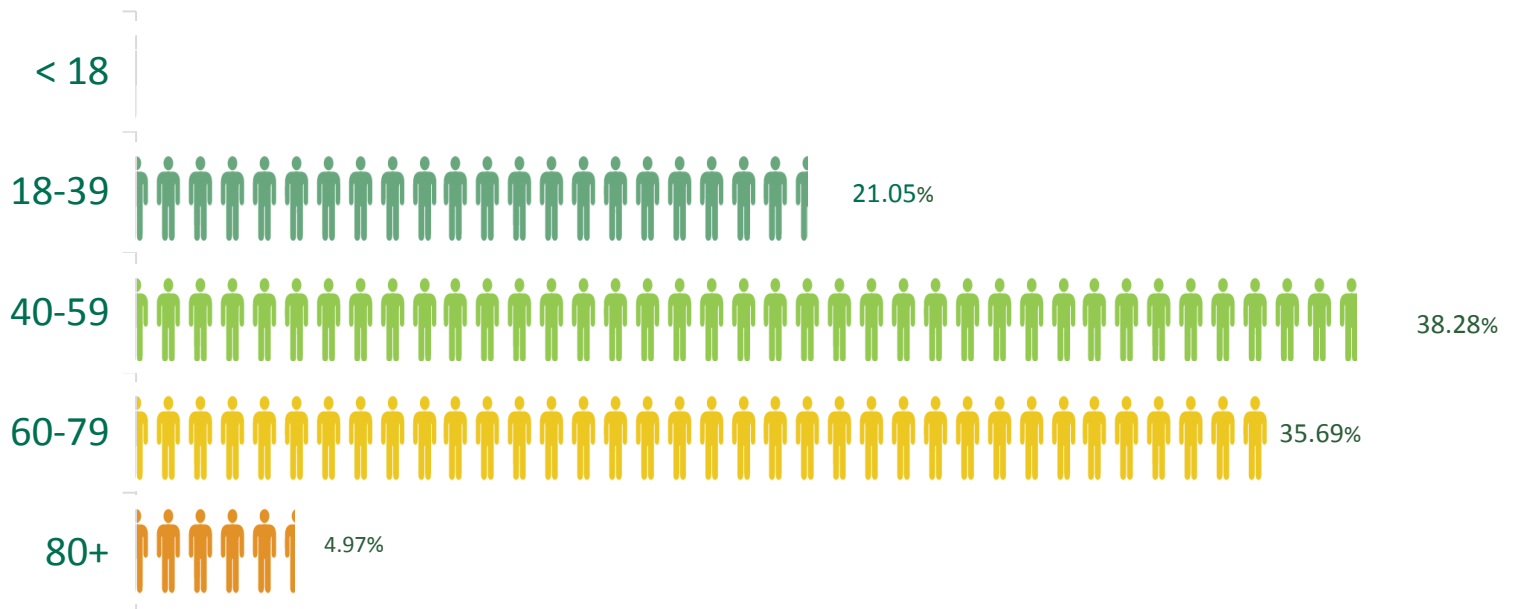
- Expensive** Average premium for health insurance coverage is 2nd highest in the nation
- Geo-monopolistic** Hospital competition exists only in two cities (*Nashua and Manchester*)
- Rural** 13 of 26 hospitals are critical access
- Hospital Employed Physicians** NH has extremely high rates of physician employment
PCPs – 72%
Specialists – 50%
- Affiliations**
 - Mergers and affiliations between hospitals, as well as between hospitals & health plans, are being established
 - Payer/provider partnerships:
 - Harvard Pilgrim's ElevateHealth
 - Tufts Health Freedom Plan

Health Care System



Aging Population

HealthTrust Medical Enrollees by Age Band



As of March 1, 2019

Location, location, location

The cost of a procedure can change depending on where it's performed regardless of provider.



How Site of Service Works:

- ✓ Rewards members for making smart, cost- effective choices
- ✓ Members choose the facility based on information from a site of service flyer/website
- ✓ Member can also call Vitals Smart Shoppers program and earn rewards

Consider This

Member getting knee scope surgery

Provider A
\$15,213



Provider B
\$5,619



In this case, the member using Provider B would pay a **\$0** copay for Outpatient Surgery. And everybody saves. Alternatively, if the member chose Provider A they would have paid their deductible

Location, location, location

The cost of a procedure can change depending on where it's performed.



How Site of Service Works:

- ✓ Rewards members for making smart, cost- effective choices
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Consider This Member getting MRI

Provider A
\$4,213



Provider B
\$1,619



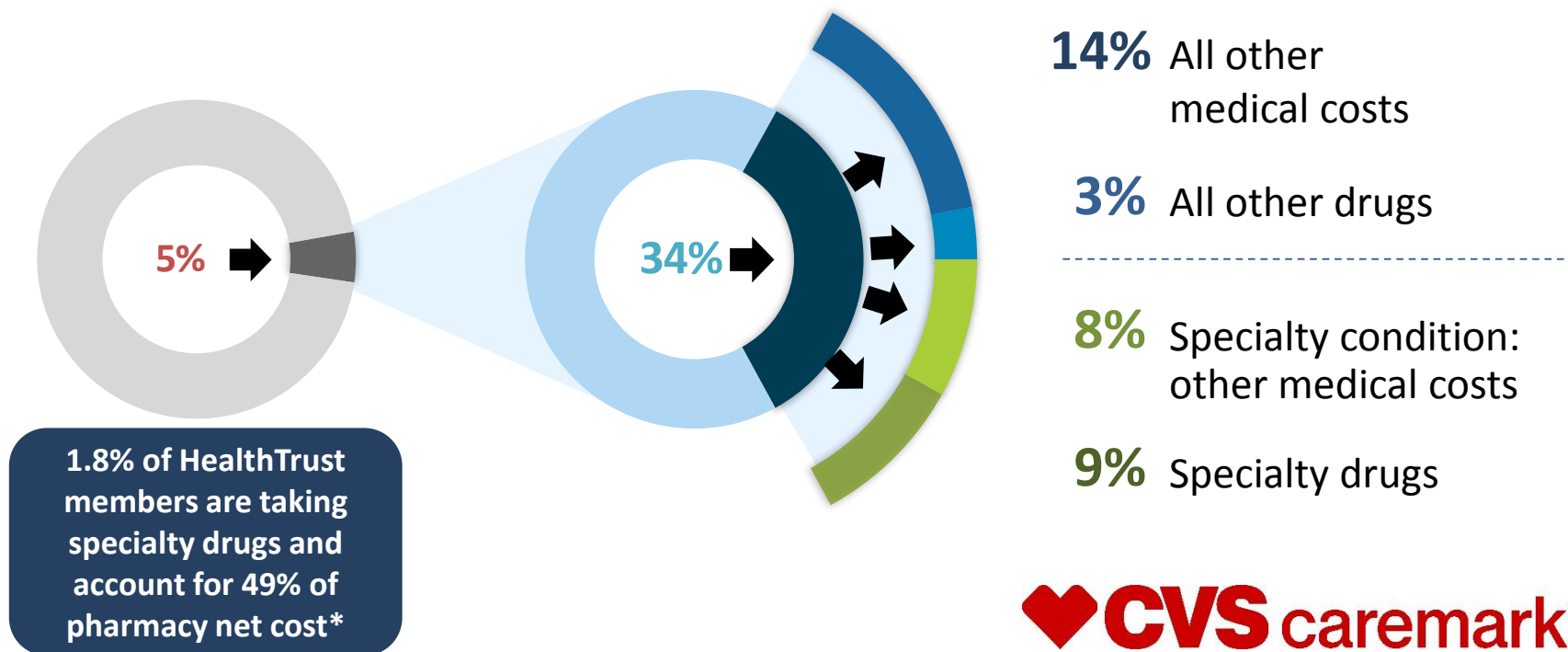
In this case, the member using Provider B would pay a \$0 copay for MRI. And everybody saves. If the member used Provider A they would have paid their deductible

Complex Specialty Patients Drive a Large Portion of Health Care Costs

**MEMBERS USING
SPECIALTY DRUGS**

**SPECIALTY SHARE OF
TOTAL HEALTH CARE COSTS**

**50% NOT RELATED TO
SPECIALTY CONDITION**



- Our model leverages frequency of interactions with high cost patients to deliver broadest range of health improvement messages

*2018 HealthTrust pharmacy data, CVS Health; does not include HealthTrust medical specialty member data
Source: CVS Health internal data analysis of 2015 Blue Health Intelligence Commercial Specialty Drug Database.

Deductible Plans Reduce Cost

- Reduce Premium to employer and cost share to employee:
 - Support from Elected Boards
 - Support from Taxpayer
- Provide Coverage with Value:
 - Creates Buy in
 - Provides choices
 - Consumerism
- Reducing Claims – Ripple effect:
 - Stabilizes Rate
 - Reduces cost to employers
 - Reduces cost to employee

Site of Service Plan Design

Launched 2010 – Second most popular plan and used as “driver” plan in many cases.

- Provides premium savings and an option for reduced member cost sharing.
- This plan offers a preferred cost-effective network for medical labs, radiology services and certain outpatient surgeries.
- If you select a provider from the preferred cost-effective network, you can reduce your own costs.
- If you choose another provider within the network you may pay more, and your costs will be applied toward your deductible.
- All of these providers go through the same quality credentialing process. Each provider has to meet the same standards to be considered in-network regardless of cost.

Alternative Cost Saving Plans

Access Blue New England Site of Service Plans:

- These plans offer a preferred cost effective network for medical labs, radiology services and certain outpatient surgeries.
- If you select a provider from the cost effective network you reduce your own costs.
- If you choose another provider within the network, you may pay more, and your cost will be applied toward your deductible.

Lumenos:

- High Deductible Health Plan qualifies to be used in conjunction with a Health Savings Account. All covered medical and prescription expenses, with the exception of in-network preventive care services, are applied toward the deductible.

HSA – HRA - FSA

Health Savings Account:

- Contributions are pre-tax or Tax deductible in conjunction with a HDHP.
- You can withdraw your HSA funds - with no taxes or penalties for qualified medical expenses.
- HSA contributions can be made at any time throughout the year, or all at once.

Health Reimbursement Arrangement:

- (HRA) must be funded solely by an employer.
- Employees are reimbursed tax free for qualified medical expenses to a maximum dollar amount for a coverage period. HRA may be offered with other health plans, including FSAs.

Flexible Spending Account:

- 2019 Limits up to \$2,700 (Dependents Care FSA \$5,000).
- Many Participants see the tax savings – 20 to 35% on qualified medical expenses paid for with the Health FSA.
- Funds are deducted from your paycheck in equal installments throughout year, and available on day one of your plan year (Health FSA only).

Funding HRA - HSA Deductible Amounts

Funding Strategy in contract language:

- Funding entire deductible creates long term issues and removes incentives for employee consumerism.
- Reduce funding amount of the HRA / HSA through the term of the contract to a specific amount.

Tools to Reduce Claims

- SmartShopper
- Wellness programs
- Site of Service
- Cost effective walk-in centers
- Telemedicine
- Condition Care Management
 - Solera DPP
 - CVS Caremark Transform Diabetes Care

LiveHealth[®]
O N L I N E



♥ CVS caremark[®]
**Transform Diabetes
Care**



SmartShopper[®]



SmartShopper & Site of Service

Vitals SmartShopper

Launched 2010. Today, embedded in all Anthem standard small and large group fully insured products and offered by largest self-insured customers including HealthTrust

- Documented claims savings:
 \$0.50 pmpm Small Group Fully Insured
 \$0.93 pmpm Large Group Fully Insured
 Net of admin, incentives and any percent of savings admin fee paid.

Site of Service Plan Design

Launched 2010. Most popular group product, now representing 55.4% of total Fully Insured group membership

- Provides premium savings and an option for reduced member cost sharing
- Started with Laboratory Services and Outpatient Surgery. Since then it has been enhanced with Advanced Diagnostic Imaging & Radiology
- To participate in the program the providers have to reduce their charges to be more affordable so members can reap the benefits in lower cost share
- All of these providers go through the same quality credentialing process. Each provider has to meet the same standards to be considered in-network regardless of cost

SmartShopper®

2018 Gross Savings throughy

\$2.9 M

Over \$10 M since program began



17.3%

shoppers choosing lower-cost care

SmartShopper and Site of Service have proven to be very attractive for groups with collective bargaining agreements, low overall cost shares, and – conversely, groups with CDH/high deductible plans.

HealthTrust Access Blue Site of Service Plan Growth

2,410
SOS
7/1/2016

3,891
SOS
7/1/2017

4,896
SOS
7/1/2018

100.3%
Growth
over Two
Years!

John's Story



Meet John and see how he saved on many of his healthcare services.

John had an injury while skiing. John is on a Site of Service plan – learn how he saved on the costs of the services and had zero out of pocket costs.



Lab Test



Radiology – X-Ray of the Knee



MRI of the Knee



Arthroscopic Knee Surgery – at Ambulatory Surgery Center

John's Story



John used HealthTrust Site of Service benefits to save money on his care.



Lab Test

\$0 Copay



Radiology – X-Ray of the Knee

\$0 Copay



MRI of the Knee

\$0 Copay



Arthroscopic Knee Surgery – at ASC

\$0 Copay



John's Results

Check out how much John saved by choosing Site of Service preferred providers!

Service	John's costs at Site of Service Provider	SmartShopper Reward	Site of Service Provider Est. Costs	Non-Site of Service Provider Est. Costs	Claims Savings
Labwork	\$0	\$25	\$18	\$70	\$52
Knee X-ray	\$0	\$25	\$77	\$227	\$150
Knee MRI	\$0	\$150	\$740	\$1,590	\$850
Outpatient knee surgery	\$0	\$250	\$4,923	\$8,045	\$3,122
Total Costs (Rewards)	\$0	\$450	\$5,758	\$9,932	\$4,174

John's total costs \$0

John earns \$450 in SmartShopper Rewards

Member Group Claim Savings \$4,174

Remember,
over 90% of your
plan rate is based
on claims

HealthTrust | SmartShopper[®]

- Using 30-mile radius from 03842
- Verify SOS first, then Shop!

MRI

Derry Imaging Center

Estimated Procedure Cost: *Cash Reward*
\$650 – \$794

\$150

Shields Imaging of Portsmouth

Estimated Procedure Cost: *Cash Reward*
\$817 – \$999

\$75

Wentworth Douglass Hospital

Estimated Procedure Cost: *Cash Reward*
\$1,733 - \$2,118

\$0

Mammogram

Portsmouth Regional Hospital

Estimated Procedure Cost: *Cash Reward*
\$243 – \$296

\$50

Parkland Medical Center

Estimated Procedure Cost: *Cash Reward*
\$279-\$341

\$25

Exeter Hospital

Estimated Procedure Cost: *Cash Reward*
\$498 - \$608

\$0

Colonoscopy

Orchard Surgical Center

Estimated Procedure Cost: *Cash Reward*
\$1238-\$1,889

\$150

Portsmouth Ambulatory

Estimated Procedure Cost: *Cash Reward*
\$1,641 - \$2,022

\$75

Portsmouth Regional Hospital

Estimated Procedure Cost: *Cash Reward*
\$3,596 - \$4,086

\$0

The Right Care at the Right Place

Comparison of Costs

Diagnosis :
Acute
Bronchitis
Unspecified

ER Visit



Urgent
Care
Facility



Urgent
Care
Walk in



Live
Health
Online



Plan Paid **\$1,080**

\$271

\$142

\$29

Enrollee Paid ***\$100**

***\$50**

***\$20**

***\$10**

Total Paid **\$1,180**

\$321

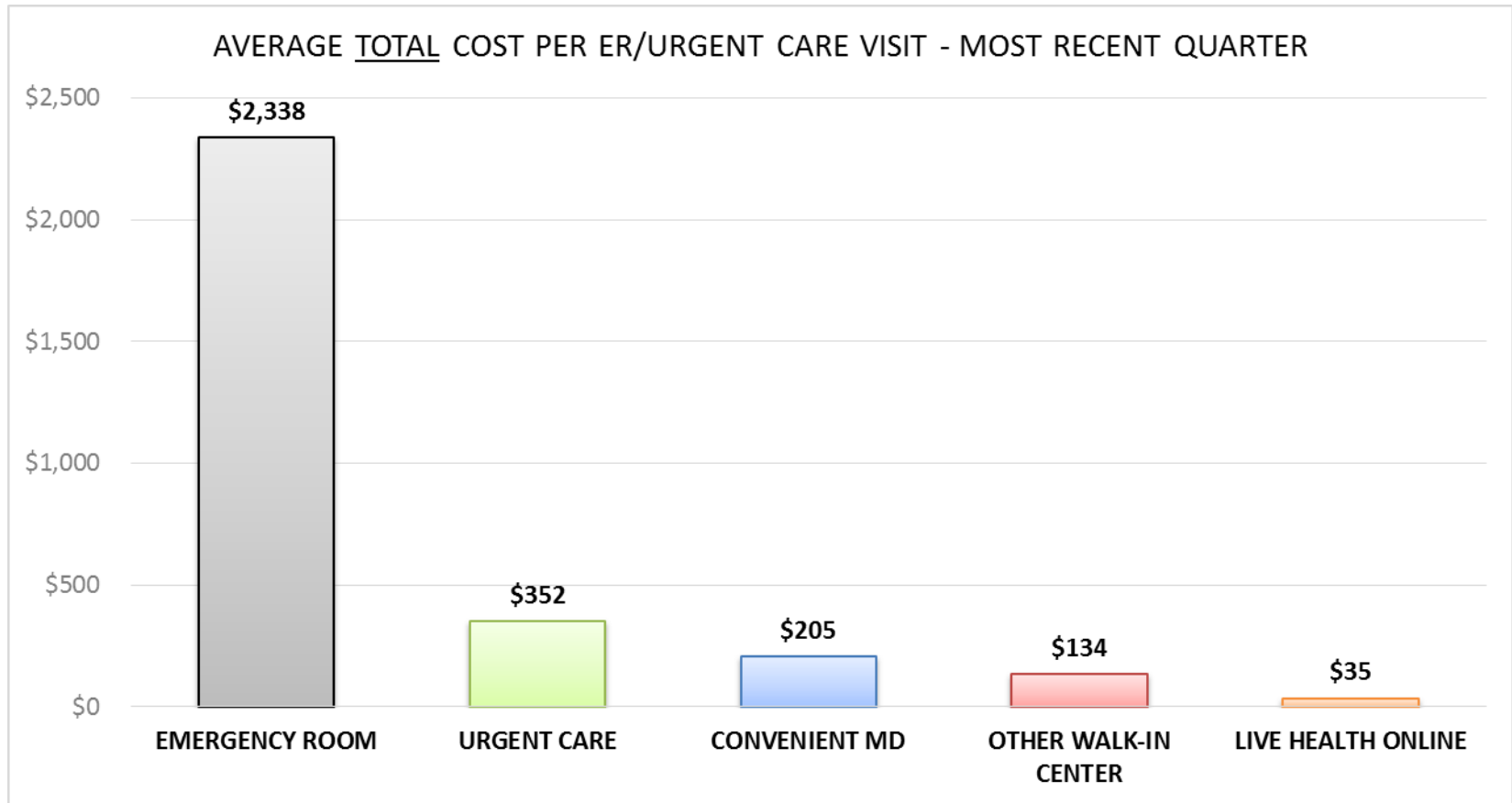
\$182

\$49

NH ER ALTERNATIVES

*Copays amounts are averages and may vary by plan.

Comparison of Emergency Room, Urgent Care and Walk-In Care Cost/Visit by Paid Quarter



Consumerism

Employers and Employees can influence claims costs and future rates

- Shop for services – be a savvy healthcare consumer
- Wellness – Biometrics, Coaching and condition management

EDUCATION!!

- How to use the benefit plan
 - The Right Care at the Right Time
 - Proper use of ER/Urgent Care/PCPs
- Asking questions & Shopping
- Worksite Wellness Coordinators
- Annual Exams & Biometrics
- Generic Drugs - Understanding the costs of prescriptions



Employee Buy In

Develop
Strategy

Educate

Implement



City of Lebanon – Case Study

City Objectives

1. Providing high quality health care to employees.
2. Reducing medical claims & prescription costs to lower premiums for City and Employee.

City coverages Before Transition

Prior Medical Plans: No deductible, higher premiums

- Anthem BlueChoice
- AB10
- AB15

Prior Prescription:

- CVS Caremark \$10/\$20/\$45

Plan Choice - Lumenos

Offers subscribers control of how their health care dollars are spent, maintaining high quality medical services, and offering health care flexibility.

Medical Plan Type	High Deductible Health Plan (HSA Qualified)
Plan Name	LUMENOS2500
Standard Deductible	\$2,500 / \$5,000
Standard Coinsurance	0% (In Network), 30% (Out of Network)
Coinsurance Maximum	N/A (In Network); \$2,500 / \$5,000 (Out-of-Network)
Chiropractic Visits	Unlimited
Therapy Visits (PT/OT/ST)	60 visits
Acupuncture Visits	12 visits
Durable Medical Equipment	Standard Deductible and/or Coinsurance
Prescription Drugs	Standard Deductible and/or Coinsurance
Maximum Out-of-Pocket (medical and RX expenses combined)	\$2,500 / \$5,000 (In Network), \$5,000 / \$10,000 (Out-of-Network)

Why Lumenos

- Nationwide Network vs. a North East Regional Network of the other Anthem Plans Offered
- Convenience/Ease When Traveling
- Nationwide Network for College Students
- Nationwide Network for Retirees under 65
- Flexibility when paired with a Health Savings Account (HSA) or a Limited Purpose Flexible Spending Account (FSA)

Year 1

1st Year The City will fully fund the high deductible costs
with a health savings account (HSA)

\$2,500.00 for a Single Plan

\$5,000.00 for 2 Person/Family Plan

With the City of Lebanon funding the full cost of the deductible,
in-network services and prescription costs will be covered under the
Lumenos plan leaving:

\$0 out-of-pocket cost to the employee

Year 2

2nd Year

The City will fund the high deductible costs into a Health Savings Account (HSA)

\$2,000.00 for a Single Plan

\$4,500.00 for 2 Person/Family plan

With the City of Lebanon funding all but \$500.00 of the deductible, in-network medical and prescription costs will be covered under the Lumenos plan leaving:

\$500.00 out-of-pocket cost to the employee
if the employee meets the maximum deductible

Qualifying for an HSA

- To be an eligible individual and qualify for an HSA, you must meet the following requirements.
- Not be covered by other health coverage that is not a high deductible health plan (HDHP)
- Be covered by a high deductible plan on the first day of the month.
- You are not enrolled in Medicare.
- You are not claimed as a dependent on someone else's tax return.

Savings

- City budget
- Employee Savings:
 - Single
 - Two-Person
 - Family
- Taxpayers



Feedback

Employee:

- RX Transition.
- No negative feedback.

Staff:

- Finance & Human Resources worked together.
- Positives – new employees are enrolling.
- MUST provide ongoing employee education.

QUESTIONS?

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